

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

SB 1934 - HB 1426

March 25, 2009

SUMMARY OF BILL: Directs the Department of Safety (DOS) not to implement the provisions of REAL ID and to report to the Governor any attempt by agencies or agents of the United States Department of Homeland Security to secure the implementation of REAL ID through the operations of that division and department.

ESTIMATED FISCAL IMPACT:

On March 24, 2009, we issued a fiscal note for this bill indicating a *one-time cost avoidance of state expenditures exceeding \$1,000,000* and a *potential loss of federal funds exceeding \$1,000,000 over the life of the REAL ID project*. Based on additional information, the fiscal impact of this bill is estimated as follows:

(CORRECTED)

State Expenditures – Cost Avoidance –

Exceeds \$30,000,000/Over time

Other Fiscal Impact – A potential loss of federal funds for the implementation of REAL ID exceeding \$1,000,000 over time.

Assumptions:

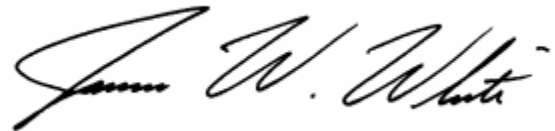
- This bill will result in a cost avoidance of expenditures for the State. Such impact will result because expenditures that the state will incur in the future for implementing REAL ID under current law will be avoided with passage of this bill.
- According to DOS, the Department received a \$694,000 grant from the U.S. Department of Homeland Security in 2008, and has an additional grant application pending for \$755,000, to be used for implementing the provisions of REAL ID. If this bill passes, DOS may have to return any federal funding already received pursuant to REAL ID. However, it is

more likely that future grants made to the Department would be reduced by similar amounts.

- DOS indicates that failure to comply with the provisions of REAL ID will put the state into non-compliance with federal law and may result in subsequent federal funding for implementation of REAL ID being withheld in the future.
- The extent of federal funding that would be jeopardized is unknown due to unknown factors. However, such decrease is reasonably estimated to exceed \$1,000,000 over the life of the project.
- DOS indicates that no expenditures for REAL ID are in the department's budget for FY09-10. DOS also indicates the only financial obligation attributable to REAL ID is \$310,000 to develop a security plan for the driver's license facilities. However, the Department has indicated that it will likely use these funds in the absence of this bill because the driver's license facilities are still in need of additional security measures.
- DOS indicates that the total costs for fully implementing REAL ID are likely to exceed \$30,000,000 over the life of the project.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc